Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

CONFIDENTIAL

PAGE 01 MEXICO 00769 210029Z
ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 SSO-00 INR-05
INRE-00 TRSE-00 OMB-01 EB-03 CIAE-00 PRS-01 DODE-00
/036 W
----------210035Z 121418 /61
O 210002Z JAN 77 ZFF-4
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC IMMEDIATE 9822
INFO TREASURY WASHDC IMMEDIATE

C O N F I D E N T I A L MEXICO 769

LIMDIS

EO 11652 : GDS
TAGS : EFIN MX
SUBJ : PESO DEPRECIATES

1. SUMMARY : PESO EXCHANGE RATE DEPRECIATED BY ABOUT TEN PERCENT ON JANUARY 20, AND MARGIN BETWEEN BUYING AND SELLING RATES WIDENED SUBSTANTIALLY. END SUMMARY.

2. DURING COURSE OF TRADING DAY, JANUARY 20, PESO DEPRECIATED BY ABOUT TEN PERCENT, WITH MOST, IF NOT ALL OF THE DECLINE COMING IN THE LAST HOUR OR SO OF TRADING. OPENING RATES WERE AROUND 20.05 FOR DOLLAR PURCHASES AND 20.10 FOR DOLLAR SALES. AT END OF TRADING DAY, 1:30 PM, RATES FOR BUYING AND SELLING DOLLARS RANGED FROM 21.50-23.50 TO 22.50-24.50*. WE HAVE HEARD THAT ACTIVITY WAS NOT VERY LARGE AND THAT SALES OF DOLLAR CURRENCY WERE SIGNIFICANT. APPARENTLY SOME LOCAL BRANCHES RAN OUT OF DOLLAR CURRENCY AND STOPPED SELLING.

3. WE SUSPECT THAT TODAY'S DEPRECIATION MAY RESULT FROM THE RUMORS THAT HAVE BEEN CIRCULATING IN THE U.S. AND HERE IN MEXICO. LOCAL RUMORS VARY FROM THOSE WHO
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MEXICO 00769 210029Z

CLAIM INSIDE INFORMATION TO THE EFFECT THAT THERE WILL BE ANOTHER DEVALUATION WITHIN A SHORT PERIOD OF TIME, TO VIEWS EXPRESSED BY BUSINESSMEN THAT THE RATE WILL HAVE TO DROP TO 30:1 WITHIN SOME PERIOD OF TIME RANGING ANY-WHERE FROM ONE TO 12 MONTHS. IT IS POSSIBLE THAT DECLINE IN THE AVERAGE RATE FROM 20.0 TO 20.1 IN THE PERIOD JANUARY 13 TO JANUARY 19 HAS CAUSED SOME PICK UP IN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

DOLLAR PURCHASES AND SLOWDOWN IN DOLLAR SALES, IN ANTICIPATION OF A GREATER DEPRECIATION WITHIN A SHORT PERIOD OF TIME.

4. THE NEWS OF THE RATE SLIDE TODAY IS TRAVELING FAST AND SEVERAL U.S. BUSINESSMEN AND BANKERS HAVE EXPRESSED TO US CONCERN ABOUT THE SIZE OF TODAY'S DECLINE. ONE U.S. BANKER EXPRESSED THE VIEW THAT THE BANK OF MEXICO DELIBERATELY LET THE RATE DECLINE. WHETHER OR NOT THIS IS THE CASE, AND WE DOUBT IT AS A CHANGE OF THIS MAGNITUDE IS BOUND TO PUT THE EXCHANGE RATE BACK ON THE FRONT PAGES, THE BANK OF MEXICO DOES NOT APPEAR TO HAVE INTERVENED TO HOLD THE RATE.
THOMPSON

CONFIDENTIAL

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PESO, FOREIGN EXCHANGE RATES, DEVALUATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 21-Jan-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MEXICO00769
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770022-0287
Format: TEL
From: MEXICO
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770130/aaaaazxn.tel
Line Count: 76
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e40761d3-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3539569
Secure: OPEN
Status: NATIVE
Subject: PESO DEPRECIATES
TAGS: EFIN, MX
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/e40761d3-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009